

The Myanmar Investment Commission

PERMIT



Permit No. 426 / 2008

Date 4th JULY, 2008.

The Myanmar Investment Commission issues this Permit under Section 10 of the Union of Myanmar Foreign Investment Law -

- (a) Name of Promoter MANAGING DIRECTOR, NO.(3) MINING ENTERPRISE
- (b) Citizenship MYANMAR
- (c) Address No.(3), MINING ENTERPRISE, MINISTRY OF MINES BUILDING NO.(19),
NAY PYI TAW
- (d) Name and address of principal organization CNMC NICKEL COMPANY LIMITED,
BEIJING, PEOPLE'S REPUBLIC OF CHINA
- (e) Place of incorporation PEOPLE'S REPUBLIC OF CHINA
- (f) Type of business in which investment is to be made MINING, MINERAL PROCESSING &
MARKETING OF FERRONICKEL
- (g) Place(s) at which investment is permitted TAGAUNG TAUNG AREA IN THABEIK KYIN,
TOWNSHIP, MANDALAY DIVISION AND IN TIGYAING TOWNSHIP, SAGAING DIVISION
- (h) Amount of foreign capital US \$ 855.996 MILLION
- (i) Period for bringing in foreign capital WITHIN 7 YEARS FROM THE DATE OF PERMIT
- (j) Total amount of capital (Kyat) EQUIVALENT IN KYAT OF US \$ 855.996 MILLION
- (k) Permitted duration of investment 20 YEARS
- (l) Name of the economic organization to be formed in Myanmar MYANMAR CNMC NICKEL COMPANY LIMITED

Chairman

The Myanmar Investment Commission

Confidential

UNION OF MYANMAR
MYANMAR INVESTMENT COMMISSION
No.(32),Nay Pyi Taw

Our ref : Ya Ka-1/Na- 597 /2008 (10786)

Tel: 067-406334,406075

Dated : 4th July 2008.

Fax: 95-67-406333

Subject : Decision of the Myanmar Investment Commission on the Proposal for "Mining, Mineral Processing & Marketing of Ferronickel" under the name of "Myanmar CNMC Nickel Company Limited".

Reference: Ministry of Mines Letter No. 17/branch (1)/08(1858) dated (29-5-2008).

1. The Myanmar Investment Commission, at its meeting (14/2008) held on (30-4-2008) and the Trade Council, at its meeting (18 /2008) held on (4-6-2008) had reviewed the proposal submitted by Myanmar CNMC Nickel Company Limited for investment in " Mining, Mineral Processing & Marketing of Ferronickel " at Tagaung Taung Area in Thabeik Kyin Township, Mandalay Division and in Tigyaing Township, Sagaing Division between No.(3) Mining Enterprise and CNMC Nickel Company Limited(CNICO) of the People's Republic of China. After careful review, it was deliberated that the proposed project be approved in principle for implementation and the proposal be submitted to the Cabinet meeting for final approval.
2. The Cabinet, at its meeting (21/2008) held on (19-6-2008), resolved to permit the said project. Hence, the "Permit" is herewith issued in accordance with Chapter VI, Section 10 of the Union of Myanmar Foreign Investment Law and Chapter VI, Rule 13 of the Procedures relating to the said Law. Terms and conditions to the "Permit" are stated in the following paragraphs.
3. The permitted duration of the project shall be 20(Twenty) years and extendable (one) time, 5 years.
4. CNMC Nickel Company Limited(CNICO) shall provide Performance Bank Guarantee to the amount of US \$ 10,000,000 (United States Dollars Ten Million Only) or equivalent amount of Euro within 30 (Thirty) days from the effective date in favour of No(3) Mining Enterprise.
5. CNMC Nickel Company Limited(CNICO) shall pay to No.(3) Mining Enterprise a sum of US\$ (1,000,000) (United States Dollar One Million Only) or equivalent amount of Euro through the Myanma Foreign Trade Bank as the non-refundable Signature Bonus within one month after signing the Contract.
6. CNMC Nickel Company Limited(CNICO) shall pay Dead Rent at the rate of US\$ 500(United States Dollars Five Hundred Only) or equivalent amount of Euro per square kilometer per year to the Department of Mines annually for each

Confidential

financial year in two equal installments each payable within 30(Thirty) days after 1st April and 1st October in each year during the term.

7. Royalty shall be 4%(Four Percent) of the sales value of ferronickel produced, payable monthly to the Department of Mines in United States Dollars or Euro. Royalty shall be payable in kind or in cash in the option of No.(3) Mining Enterprise.

8. Production Sharing Ratio between No.(3) Mining Enterprise and CNMC Nickel Company Limited(CNICO) shall be as follows:-

LME Nickel Price(US\$/TON)	ME(3)	CNICO
20,000- 25,000	12.00%	88.00%
25,001- 29,000	15.75%	84.25%
29,001- 35,000	20.00%	80.00%
35,001- 42,000	23.75%	76.25%
42,001- 50,000	28.00%	72.00%
≥ 50,001	32.00%	68.00%

9. After getting the "Permit" the Company shall apply upon actual performance of the project, the following exemption and reliefs under section 21 of the Union of Myanmar Foreign Investment Law.

- (a) As per Section-21(e), the right to pay income-tax payable to the State on behalf of foreigners who have come from abroad and are employed in the enterprise and the right to deduct such payment from the assessable income.
- (b) As per Section-21(f), right to pay income-tax on the income of the above- mentioned foreigners at the rates applicable to the citizens residing within the country.
- (c) As per Section-21(i)and (j) exemption from customs duty and all other internal taxes on machinery, equipment, instruments, machinery components, spare parts and materials, which are imported as they are actually required and also on such raw materials imported during the period for the operation of the project . However, such import shall be subject to the approval endorsed by the Ministry of Mines.

10. The machineries, equipment and spares brought into Myanmar as the Investment item shall be transferred to ME 3 after the expiry of the term or any extension thereof, if not reinvested in Myanmar in another project with the approval of the Myanmar Investment Commission.
11. CNMC Nickel Company Limited (CNICO) shall have to sign the Production Sharing Agreement for Mining, Mineral Processing & Marketing of Ferronickel " at Tagaung Taung Area, Thabeik Kyin Township in Mandalay Division and Tigyaing Township in Sagaing Division with No(3) Mining Enterprise. After signing such Agreement, (5) copies each of those shall have to be forwarded to the Commission.
12. Myanmar CNMC Nickel Company Limited shall use its best efforts for timely realization of works stated in the Proposal. If none of such works has been commenced within one year from the date of issue of this "Permit", it shall become null and void.
13. The commencement date of commercial production shall be reported to the Commission.
14. The Commission approves periodical appointments of foreign experts and technicians from abroad as per proposal. Myanmar CNMC Nickel Company Limited shall have to consult with Directorate of Labour, Ministry of Labour for appointment of such foreign experts and technicians.
15. In order to evaluate foreign capital in terms of Kyats and for the purpose of its registration in accordance with the provision under Section-24 of the Union of Myanmar Foreign Investment Law, it is compulsory to report as early as possible in the following manner:-
 - (a) the amount of foreign currency brought into Myanmar, attached with the necessary documents issued by the respective bank where the account is opened;
 - (b) the detailed lists of the type and value of foreign capital defined under Section - 2 (h) of the said Law, other than foreign currency, to the Chairman, Foreign Capital Evaluation Committee.
16. Whenever Myanmar CNMC Nickel Company Limited brings in foreign capital defined under Section-2(h) of the said Law, other than foreign currency in the manner stated in paragraph 15(b) mentioned above, the Inspection Certificate endorsed and issued by an internationally recognized Inspection Firm with regard to quantity, quality and price of imported materials shall have to be attached.
17. After all types of foreign capital (foreign currency and other types of foreign capital) have been brought into Myanmar, a report shall have to be

submitted to the Commission as prescribed, vide letter No. Na-Ya 9/101/92(416) dated 3-12-92 [Annexure (1)]

18. Myanmar CNMC Nickel Company Limited shall report to the Commission for any alteration in the physical and financial plan of the project. Cost over run, over and above the investment amount pledged in both local and foreign currency shall have to be reported as early as possible.

19. Myanmar CNMC Nickel Company Limited shall be responsible for the preservation of the environment at and around the area of the project site. Hence, it shall observe the directive issued by the Commission vide letter No. Ya Ka-1/139/94(0440) dated 30-6-94[Annexure(2)] to undertake all proper treatment systems and other necessary environmental control systems.

20. Payment of principal and interest of the loan(if any) as well as payment for import of raw materials and spare parts etc. shall only be made out of the official foreign exchange earnings of Myanmar CNMC Nickel Company Limited.

21. Myanmar CNMC Nickel Company Limited(CNICO) in consultation with Myanmar Insurance, shall effect such types of insurance defined under Chapter VIII, Rule 15 of the Procedures relating to the Union of Myanmar Foreign Investment Law.



(Brigadier General, Maung Maung Thein)
Chairman

Managing Director
No.(3) Mining Enterprise

- cc:
1. Office of the Chairman of State Peace and Development Council
 2. Office of the State Peace and Development Council
 3. Office of the Government of the Union of Myanmar
 4. Ministry of National Planning and Economic Development
 5. Ministry of Finance and Revenue
 6. Ministry of Commerce
 7. Ministry of Mines
 8. Ministry of Foreign Affairs
 9. Ministry of Home Affairs
 10. Ministry of Immigration and Population
 11. Ministry of Labour
 12. Ministry of Electric Power No(2)
 13. Chairman, Foreign Capital Evaluation Committee

Confidential

- 5 -

14. Director General, Directorate of Investment and Company Administration
15. Director General, Customs Department
16. Director General, Internal Revenue Department
17. Director General, Department of Mines
18. Managing Director, Myanmar Foreign Trade Bank
19. Managing Director, Myanmar Investment and Commercial Bank
20. Managing Director, Myanmar Insurance
21. Managing Director, Myanmar Electric Power Enterprise
22. Director General, Directorate of Trade
23. Director General, Immigration and National Registration Department
24. Director General, Directorate of Labour
25. Chairman, Union of Myanmar Federation of Chambers of Commerce and Industry(UMFCCI)

Confidential

CNMC Nickel Co., Ltd